

# **EPICON BERHAD**

*(formerly known as Konsortium Transnasional Berhad)*

Registration No. 200301015160 (617580 - T)

(Incorporated in Malaysia)

## **Interim Financial Statements**

### **Second Quarter Results**

**Period Ended**

**30 June 2023**



**EPICON BERHAD** (formerly known as *Konsortium Transnasional Berhad*)  
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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>
	<u>30 June 2023</u>	<u>30 June 2022</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	39,382	20,100	68,558	36,771
Cost of sales	(32,328)	(18,987)	(56,676)	(34,137)
Gross profit	7,054	1,113	11,882	2,634
Other income	644	1,264	979	2,702
Administrative expenses	(3,866)	(2,358)	(6,439)	(4,433)
Other operating expenses	(150)	(11,439)	(184)	(11,443)
Profit/(Loss) from operations	3,682	(11,420)	6,238	(10,540)
Finance costs	(104)	(72)	(205)	(143)
Profit/(Loss) before tax	3,578	(11,492)	6,033	(10,683)
Income tax expense (Note B6)	(1,130)	(640)	(1,836)	(1,127)
Profit/(Loss) after tax for the period	2,448	(12,132)	4,197	(11,810)
Total Comprehensive Income/ (Expenses) for the period	2,448	(12,132)	4,197	(11,810)
<b>Profit/(Loss) after tax attributable to:</b>				
Owners of the Company	2,448	(12,132)	4,197	(11,810)
<b>Total Comprehensive Income/ (Expenses) attributable to:</b>				
Owners of the Company	2,448	(12,132)	4,197	(11,810)
<b>Profit/(Loss) per share (Sen)</b>				
Basic (Note B14)	0.52	(2.58)	0.89	(2.51)
Diluted (Note B14)	0.35	(1.73)	0.60	(1.68)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

	<u>Unaudited</u> <b>30 June 2023</b> RM'000	<u>Audited</u> <b>31 Dec 2022</b> RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	21,677	24,797
Right-of-use assets	251	277
Other investments	69	69
	-----	-----
	21,997	25,143
	-----	-----
<b>Current Assets</b>		
Trade receivables	40,713	28,506
Other receivables, deposits and prepayments	4,819	885
Contract assets	2,817	705
Current tax assets	94	93
Fixed deposits with licensed banks	4,026	4,026
Cash and bank balances	13,567	18,543
	-----	-----
	66,036	52,758
	-----	-----
<b>Total Assets</b>	88,033	77,901
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	54,491	54,491
Redeemable convertible preference shares	23,300	23,300
Reserves	(125,137)	(129,334)
	-----	-----
<b>Equity Attributable to Owners of the Company</b>	(47,346)	(51,543)
Non-controlling interests	2,196	2,196
	-----	-----
<b>Total Equity</b>	(45,150)	(49,437)
	-----	-----
<b>Non-Current Liabilities</b>		
Other payables and accruals	15,527	14,115
Lease liabilities	233	233
Provision for retirement benefits	1,243	1,328
Deferred tax liabilities	4,461	4,461
	-----	-----
	21,464	20,137
	-----	-----



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023 – CONTINUED**

	<u>Unaudited</u> <b>30 June 2023</b> RM'000	<u>Audited</u> <b>31 Dec 2022</b> RM'000
<b>Current Liabilities</b>		
Trade payables	22,866	20,520
Other payables and accruals	79,779	78,194
Short-term borrowing (Note B10)	7,000	7,000
Lease liabilities	545	48
Provision for retirement benefits	223	351
Current tax liabilities	1,306	998
	-----	-----
	111,719	107,111
	-----	-----
<b>Total Liabilities</b>	133,183	127,248
	-----	-----
<b>Total Equity and Liabilities</b>	88,033	77,901
	=====	=====
Net Assets per Ordinary Share		
Attributable to Owners of the Company (RM)	(0.10)	(0.11)
	=====	=====

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	<b>Current Year to Date 30 June 2023 RM'000</b>	<b>Preceding Year Corresponding Period 30 June 2022 RM'000</b>
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	6,033	(10,683)
Adjustments for:		
Depreciation of property, plant and equipment	3,504	5,378
Depreciation of right-of-use assets	26	-
Finance cost	205	143
(Gain)/Loss on disposal of property, plant and equipment	(556)	11,436
Property, plant and equipment written off	93	-
Interest income	(147)	(92)
Reversal of impairment loss on receivables	-	(107)
	-----	-----
Operating profit before working capital changes	9,158	6,075
Increase in contract assets	(2,112)	-
Increase in trade and other receivables	(16,141)	(864)
Increase/(Decrease) in trade and other payables	5,343	(103)
Changes in related companies' balances	-	475
	-----	-----
<b>CASH (FOR)/FROM OPERATIONS</b>	<b>(3,752)</b>	<b>5,583</b>
Interest paid	(198)	(143)
Income tax paid	(1,529)	(319)
Retirement benefits paid	(213)	(74)
	-----	-----
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	<b>(5,692)</b>	<b>5,047</b>
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(97)	-
Interest received	147	92
Proceeds from disposal of property, plant and equipment	713	1,477
	-----	-----
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>763</b>	<b>1,569</b>
	-----	-----



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2023 – CONTINUED**

	<b>Current Year to Date 30 June 2023 RM'000</b>	<b>Preceding Year Corresponding Period 30 June 2022 RM'000</b>
<b>NET CASH FOR FINANCING ACTIVITY</b>		
Repayment of lease liabilities	(47)	-
	-----	-----
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,976)	6,616
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	18,543	17,041
	-----	-----
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	13,567	23,657
	=====	=====

The cash and cash equivalents comprise the following:-

	<b>30 June 2023 RM'000</b>	<b>30 June 2022 RM'000</b>
Fixed deposits with licensed banks	4,026	3,125
Cash and bank balances	13,567	20,532
	-----	-----
	17,593	23,657
Less: Fixed deposits pledged to licensed banks	(4,026)	(3,125)
	-----	-----
	13,567	20,532
	=====	=====

Fixed deposits with licensed banks are pledged as security for borrowing as disclosed in Note B10.

The condensed consolidated cash flows statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	<-----Non-Distributable----->					Distributable	Total Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Redeemable Convertible Preference Share RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Other Reserves RM'000	Accumulated Losses RM'000			
<b>Balance at 1 January 2023</b>	54,491	23,300	23,563	(52,991)	(95)	(99,811)	(51,543)	2,196	(49,347)
Profit after taxation for the financial period	-	-	-	-	-	4,197	4,197	-	4,197
<b>Balance at 30 June 2023</b>	54,491	23,300	23,563	(52,991)	(95)	(95,614)	(47,346)	2,196	(45,150)
<b>Balance at 1 January 2022</b>	54,491	23,300	23,563	(52,991)	(95)	(88,592)	(40,324)	2,196	(38,128)
Profit after taxation for the financial period	-	-	-	-	-	(11,810)	(11,810)	-	(11,810)
<b>Balance at 30 June 2022</b>	54,491	23,300	23,563	(52,991)	(95)	(100,402)	(52,134)	2,196	(49,938)

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to the interim financial statements.



**A. EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134**

**A1. Basis of Preparation**

**Statement of compliance**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

**Significant accounting policies**

- (a) The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the preparation of the financial statements of the Group for the financial year ended 31 December 2022.
- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

<b>MFRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendment to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107: <i>Supplier Finance Arrangements</i>	1 January 2024





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**A2. Auditors' Report on the Preceding Annual Financial Statements**

The auditors' report of the Company for the financial year ended 31 December 2022 was not subject to any qualification.

**A3. Seasonality or Cyclicity Factors**

The Group's operations are not subject to any significant seasonal or cyclical factors.

**A4. Unusual Items Due to Their Nature, Size or Incidence**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the quarter under review.

**A5. Material Change in Estimates**

There were no significant changes in estimates that have a material effect on the results for the quarter.

**A6. Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, shares cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

**A7. Dividend Paid**

There was no dividend paid during the quarter under review.

**A8. Segmental Reporting**

**(a) Primary reporting format – business segment**

**Current Quarter**

	<b>Public Transportation Services RM'000</b>	<b>Construction works RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 30 June 2023</b>				
Revenue				
- sales to external parties	14,554	24,828	-	39,382
Segment results	601	4,715	(1,634)	3,682
Finance costs				(104)
Profit before taxation				3,578



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**A8. Segmental Reporting – continued**

**(a) Primary reporting format – business segment (continued)**

**Preceding Quarter**

	<b>Public Transportation Services RM'000</b>	<b>Construction works RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 31 Mar 2023</b>				
Revenue				
- sales to external parties	13,784	15,392	-	29,176
Segment results	121	2,940	(505)	2,556
Finance costs				(101)
Profit before taxation				2,455

**Preceding Year Corresponding Quarter**

	<b>Public Transportation Services RM'000</b>	<b>Construction works RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 30 June 2022</b>				
Revenue				
- sales to external parties	8,355	11,745	-	20,100
Segment results	(14,063)	2,664	(21)	(11,420)
Finance costs				(72)
Loss before taxation				(11,492)

**(b) Secondary reporting format – geographical segment**

Geographical segment information is not applicable as the operations of the Group are substantially carried out in Malaysia.



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**A9. Valuation of Property, Plant and Equipment**

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

**A10. Material Events Subsequent to the End of the Quarter Under Review**

There was no material event subsequent to the end of the quarter that require disclosure or adjustments to the unaudited interim financial statements.

**A11. Changes in the Composition of the Group**

There are no material changes in the composition of the Group for the current financial period ended 30 June 2023.

**A12. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter under review.

**A13. Capital Commitments**

There were no material capital commitments during the quarter under review.

**A14. Related Party Transactions**

Significant transactions between the Company and related parties are as follows:

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Related parties</b>				
- Rental of workshop / depo	-	-	30	-
- Purchase of tyres	-	-	100	-
- Bus repair services	-	344	195	525
- Management fees	11	-	22	-
- Rental of office	13	-	26	-
- Construction services	(4,411)	-	(5,028)	-
	=====	=====	=====	=====

The Directors are of the opinion that all the above transactions have been entered into the normal course of business and have been established on negotiated terms which the Directors are satisfied as not being detrimental to the Group and the Company.



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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**

**B1. Review of Group's Results for the Quarter Ended 30 June 2023**

**Quarter Ended 30 June 2023 compared to Quarter Ended 30 June 2022**

	<b>3 months ended 30 June 2023 RM'000</b>	<b>3 months ended 30 June 2022 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
<b>Revenue</b>				
- Public transportation services	14,554	8,355	6,199	74.20
- Construction work	24,828	11,745	13,083	111.39
	-----	-----		
	39,382	20,100	19,282	95.93
	=====	=====		
<b>Profit/(Loss) before tax</b>				
Public transportation services	506	(14,135)	14,641	(103.58)
Construction work	4,709	2,664	2,045	76.76
Others	(1,637)	(21)	(1,616)	(7,695.24)
	-----	-----		
	3,578	(11,492)	15,070	(131.13)
	=====	=====		

In this quarter under review, the Group recorded a higher revenue of RM39.38 million as compared to RM20.1 million in the previous year corresponding quarter with the construction business being the main contributor representing 63% of the Group's total revenue.

Revenue from the construction business has increased by 111.4% as there are higher construction work done as well as commencement of new construction projects in the current quarter under review as compared to the previous year corresponding quarter.

The public transportation services business has also improved in the current quarter under review. This was mainly due to the higher kilometres served by the stage bus business as well as additional trips from higher ridership demand for the express bus business in current quarter under review.

The Group achieved a profit before tax ("PBT") of RM3.58 million for the current quarter under review as compared to a loss before tax ("LBT") of RM11.49 million in the corresponding quarter of the preceding financial year. The increase in PBT was mainly contributed by the construction business of RM4.71 million and stage bus business of RM0.64 million. Nonetheless, the increase in PBT was partially offset by the professional fees incurred for the Regularisation Plan and losses from the express bus business.



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**B1. Review of Group's Results for the Quarter Ended 30 June 2023 (Cont'd)**

**Six Months Ended 30 June 2023 compared to Six Months Ended 30 June 2022**

	<b>6 months ended 30 June 2023 RM'000</b>	<b>6 months ended 30 June 2022 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
<b>Revenue</b>				
- Public transportation services	28,338	16,879	11,459	67.89
- Construction work	40,220	19,892	20,328	102.19
	-----	-----		
	68,558	36,771	31,787	86.45
	=====	=====		
<b>Profit/(Loss) before tax</b>				
Public transportation services	529	(15,351)	15,880	(103.45)
Construction work	7,649	4,695	2,954	62.92
Others	(2,145)	(27)	(2,118)	7,844.44
	-----	-----		
	6,033	(10,683)	16,716	(156.47)
	=====	=====		

For the 6 months financing period ended 30 June 2023, the Group recorded a higher revenue of RM68.6 million representing an increase of 86.5% from the preceding corresponding financial period of RM 36.8 million. The higher revenue is mainly contributed by the construction business and the express bus business.

The PBT improved by 156.47% or RM16.7 million to RM6.0 million for the 6 months financial period ended 30 June 2023 as compared to a LBT of RM10.7 million in the preceding corresponding financial period. The overall improvement was mainly due to the profit contribution from the construction business in the current financial period as well as the one-off loss incurred from the disposal of buses during the preceding corresponding financial period.



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**B2. Variation of Results Against Preceding Quarter**

	<b>3 months ended 30 June 2023 RM'000</b>	<b>3 months ended 31 Mar 2023 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
<b>Revenue</b>				
- Public transportation services	14,554	13,784	770	5.59
- Construction work	24,828	15,392	9,436	61.30
	-----	-----		
	39,382	29,176	10,206	34.98
	=====	=====		
<b>Profit before tax</b>				
Public transportation services	506	23	483	2,100.00
Construction work	4,709	2,940	1,769	60.17
Others	(1,637)	(508)	(1,129)	222.24
	-----	-----		
	3,578	2,455	1,123	45.74
	=====	=====		

Against the preceding quarter, the Group's revenue has increased by 35.0% from RM29.2 million to RM39.4 million which is mainly due to the higher revenue contribution from its construction business with higher percentage of construction works undertaken in current quarter compared to the Group's immediate preceding quarter.

Concurrent with the improvement in its revenue for the current quarter, the Group's PBT for the current quarter has also increased by 45.7% from RM2.5 million to RM3.6 million.



**B3. Prospects of the Group**

The construction sector is expected to grow by 6.1% in 2023, and the recent revised Budget 2023 holds hope and potential to support this growth, especially as developers race to fulfil the affordable home allocated in the 12th Malaysia Plan. Further, the government has allocated over RM700 million to build low-cost houses under Program Perumahan Rakyat (“PPR”) and Rumah Mesra Rakyat, which present opportunities aligned to our key construction strength and expertise as well as the composition of our on-going projects in the similar market segment.

On the public transportation segment, the revised budget also provided some incentives for the transportation industry reinforcing that the bus transport industry will remain a vital component of the government’s public transport agenda. Some of the potential opportunities include the launch a MyBAS50 Unlimited Travel Pass in Johor Baru, benefiting those who commute using the domestic bus services under the Stage Bus Service Transformation (SBST) programme and a RM150 million allocation to expand the implementation of the SBST programme to Melaka, Kuching and Kota Kinabalu.

The Malaysian construction industry is projected to grow at a CAGR of 6.9% from RM53.88 billion in 2022 to RM70.82 billion in 2026, with residential properties priced at RM300,000 and below being the most popular. The Group intends to focus on exploring construction work opportunities in residential development for affordable housing such as semi-detached, terrace houses and apartments, given that the market for affordable homes continues to dominate the Malaysian residential property segment, and it is also KTB’s core strength and area of focus. For the public transportation services, we anticipate a rise in commute to work as work-from-home arrangements reduce. Additionally, the segment is expected to grow due to population growth, urbanisation, and government initiatives while the National Transformation Plan 2019-2030 is also expected to stimulate demand for stage buses.

**B4. Profit Forecast**

The Group did not publish any profit forecast during the quarter.

**B5. Explanation Note on Profit Forecast**

Not Applicable.

**B6. Income Tax Expense**

Tax expense comprises of the followings:

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM’000</u>	<u>RM’000</u>	<u>RM’000</u>	<u>RM’000</u>
Current tax expense:				
- for the financial period	1,130	640	1,836	1,127
	-----	-----	-----	-----
	1,130	640	1,836	1,127
	=====	=====	=====	=====

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial period.



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**B7. Sale of Unquoted Investments, or Properties**

There was no disposal of unquoted investments, or properties during the quarter.

**B8. Purchase or Disposal of Quoted and Marketable Securities**

There was no purchase or disposal of quoted and marketable securities during the quarter.

**B9. Corporate Proposals**

On 27 September 2022, AmlInvestment Bank Berhad had, on behalf of the Board of Directors of Konsortium Transnasional Berhad (“**KTB**”) submitted to Bursa Securities a proposed regularisation plan which comprise of the following proposals to regularise its financial condition in accordance with Paragraph 4.2 of PN17 of the Listing Requirements:-

- (a) proposed disposal of 74,996,022 ordinary shares in Park May Berhad (“**PMB**”), representing the entire equity interest in PMB via a conditional share sale agreement (“**SSA**”) dated 27 September 2022 with Nadicorp Holdings Sdn Bhd for a cash consideration of RM1.00;
- (b) proposed reduction of the issued share capital of the Company pursuant to Section 116 of the Companies Act, 2016; and
- (c) proposed private placement of 125,000,000 new KTB Shares, representing approximately 26.61% of the existing number of issued shares of KTB at an issue price of RM0.16 per Placement Share to 14 identified placees via the subscription agreements entered into between KTB and the respective placee on 27 September 2022.

On 31 May 2023, the proposed regularisation plan has been approved by Bursa Securities, and subsequently approved by the shareholders at the Extraordinary General Meeting held on 13 July 2023.

On 10 August 2023, High Court granted an order confirming the proposed share capital reduction pursuant to Section 116 of the Act and the sealed copy of the order has been lodged with the Registrar of Companies on 16 August 2023. Following the completion of the Proposed Share Capital Reduction, all the conditions precedent of the SSA and Subscription Agreements have been fulfilled on 16 August 2023. Accordingly, the SSA and Subscription Agreements have become unconditional in accordance with its respective terms and conditions on even date. Furthermore, the SSA has been completed in accordance with its terms and conditions on even date.

On 23 August 2023, Bursa Securities granted the listing and quotation for the 125,000,000 new KTB Shares pursuant to the Proposed Private Placement, with effect from 24 August 2023 and the private placement has been completed on even date.

Thus, the Regularisation Plan has been completed on 24 August 2023.





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**B10. Borrowing (Secured)**

The Group's borrowing as at the end of the reporting period is as follows:

	<u>Unaudited</u> 30 June 2023 RM'000	<u>Audited</u> 31 Dec 2022 RM'000
<b>Short term borrowing:</b>		
Revolving credit	7,000 =====	7,000 =====

**B11. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this report.

**B12. Material Litigation**

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement except for the following:-

Konsortium Transnasional Berhad and its subsidiaries companies, Transnasional Express Sdn Bhd, Plusliner Sdn Bhd, Syarikat Kenderaan Melayu Kelantan Berhad, Syarikat Rembau Tampin Sdn Bhd, Kenderaan Langkasuka Sdn Bhd and its associated company, MHSB Property Sdn Bhd (hereinafter collectively referred to as "the Plaintiffs") had jointly served against Tan Chong Industrial Equipment Sdn Bhd (hereinafter referred to as "the Defendant") on 15th August 2017 with a Writ of Summons and Statement of Claim and an Injunction Application for an alleged unjust enrichment based on a Settlement Agreement entered into by all parties on 4th July 2016.

The Settlement Agreement was entered into by the parties for the settlement of the amount outstanding under 64 lease agreements and 87 maintenance agreements in respect of the buses leased from the Defendant. The total amount outstanding under the said agreements are RM32,920,575.06 and RM16,000,000 had been duly settled by the Plaintiffs by the transfer of MHSB Properties Sdn Bhd's property in Bandar Ampang, Daerah Ulu Langat held under H.S.(D) 87546, PT No. 7929, measuring 95,434 square metres (hereinafter referred to as "the Property") to the Defendant which were then valued by the Defendant at RM16,000,000.

On 20th June 2017, MHSB Properties Sdn Bhd had received a notice from the Government pursuant to a compulsory acquisition of part of the Property whereby the Government had valued the Property at RM51,362,578.80. Subsequent to the said notice, the Plaintiff had engaged Messrs. D. Henry Valuers Realtor to carry out the valuation on the Property and Messrs. D. Henry Valuers had appraised the value of the Property on 5 August 2017 to be RM55,600,000.



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## **B12. Material Litigation – continued**

Pursuant thereto, the Plaintiffs are alleging that the Defendant had misrepresented the value of Property prior to the signing of the Settlement Agreement and had made an unjust enrichment from the Settlement Agreement and the Plaintiff is claiming for the payment of RM22,679,424.94 being the difference between the settlement of the outstanding sum of RM32,920,575.06 and the market price of the Property at RM55,600,000.

The Plaintiffs have been advised by its solicitors that the Plaintiffs claim has a basis and may ultimately be proven to be justifiable.

The Plaintiffs have also filed an inter-parte injunction application among others to stop the Defendant from proceeding with the repossession of the buses under the said agreements and from dealing with the Property until the settlement of this case.

The High Court has fixed the matter for hearing of the inter-parte injunction on 27th November 2017 together with the case management for the Plaintiffs' Statement of Claims. The High Court has also been fixed to be heard the Defendant's application to strike out the Plaintiffs' claim against the Defendant on 4th January 2018.

The High Court on the 4th January 2018 had allowed the Defendant's application to strike out the Plaintiffs' claim and pursuant thereto, the Plaintiffs' had filed their Notice of Appeal in respect of the said decision of the High Court on the 9th January 2018. The hearing of the said appeal has been fixed by the Court of Appeal on 15th November 2018.

The Court of Appeal on 15th November 2018 had allowed the Plaintiff's appeal and directed for the case management of the Plaintiff's application to be heard by the High Court on 27th November 2018. The High Court has set the dates of the trial from 10th September 2019 until 13th September 2019. The Defendant has also filed their Notice of Motion for leave to appeal to the Federal Court on 30th November 2018 to appeal against the decision of the Court of Appeal and the said appeal is fixed to be heard on the 23rd July 2019.

On 23rd July 2019, the hearing was postponed for the Defendant to obtain the grounds of decision from the Court of Appeal. The matter was fixed for case management at the Federal Court on 12th November 2019. As the grounds of decision are still pending, the matter is fixed for case management 13th January 2020.

The Plaintiff also filed an application for discovery of the valuation reports and related documents at the High Court and the High Court granted the order for discovery on 11th July 2019. The Defendant has appealed against the said decision for the said discovery. The matter is fixed for case management on 10th December 2019 at the Court of Appeal.



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#### **B12. Material Litigation – continued**

The Defendant also filed an application for stay of proceedings at the High Court pending the leave to appeal to the Federal Court and appeal against the discovery at the Court of Appeal. The High Court granted the stay of proceeding on 5th September 2019. The trial date on 10th September 2019 was vacated due to the stay of proceeding. The matter was then fixed for case management on 28th April 2020 pending the appeals to the Court of Appeal and leave to appeal to the Federal Court to be heard.

The appeal filed by the Defendant against the order for discovery of documents was heard at the Court of Appeal on 29th September 2020 whereby the said court had disallowed the said appeal. In respect of the leave to appeal to the Federal Court, the Defendant's appeal was also disallowed by the Federal Court on 7th October 2020. The High Court has fixed the dates of hearing from 10th March 2021 until 12th March 2021. The hearing of the case at the High Court had commenced on the 10th March 2021 until 12th March 2021 and was continued on the 2nd April 2021 and 14th April 2021. The matter is fixed for case management on 10th June 2021 and thereafter a date for decision shall be fixed by the court.

The High Court on 15th July 2021 had allowed the claims of the Plaintiffs against the Defendant and the following judgments were made pursuant thereto:-

That the value of MHSB Properties Sdn Bhd's property ("Seventh Plaintiff") is RM55,600,000 and therefore there was an unjust enrichment of RM22,679,424.94 gained by the Defendant which is to be paid by the Defendant to the Seventh Plaintiff;

that the Defendant is to return to the Plaintiffs the sum of RM877,000 being the compensation paid by the Government of Malaysia to the Defendant for the compulsory acquisition of part of the said property;

that the Defendant is to return back to the Plaintiff the repossessed buses; and

an interest of 5% per annum on the sum of RM22,679,424.94 from the date of judgment (15th July 2021) until full and final settlement is to be paid by the Defendant.

The Defendant on 21st July 2021 had filed their notice of appeal and application for stay of execution against the abovementioned judgments. The Defendant's application for the stay of execution was allowed by the court on 23rd September 2021 and the hearing for the Defendant's appeal is fixed to be heard at the Court of Appeal on 9th May 2022.

The hearing for the Defendant's appeal has been postponed to 9th August 2022, thereafter to 19 October 2022, 23 March 2023 and 13 July 2023. The hearing has then been further postponed to 16 November 2023.

#### **B13. Dividend Proposed**

There was no dividend declared or proposed by the Company during the quarter under review.



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**B14. Earnings per Share (EPS)**

**Basic earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 June</u> <u>2023</u>	<u>30 June</u> <u>2022</u>	<u>30 June</u> <u>2023</u>	<u>30 June</u> <u>2022</u>
Profit/(Loss) after tax attributable to ordinary shareholders (RM'000)	2,448	(12,132)	4,197	(11,810)
Weighted average number of ordinary shares in issue ('000)	469,798	469,798	469,798	469,798
Basic EPS (Sen)	0.52	(2.58)	0.89	(2.51)

**Diluted earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 June</u> <u>2023</u>	<u>30 June</u> <u>2022</u>	<u>30 June</u> <u>2023</u>	<u>30 June</u> <u>2022</u>
Profit/(Loss) after tax attributable to ordinary shareholders (RM'000)	2,448	(12,132)	4,197	(11,810)
Weighted average number of ordinary shares in issue ('000)	469,798	469,798	469,798	469,798
Weighted average number of new ordinary shares, assumption on conversion of the remaining:- - RCPS ('000)	233,000	233,000	233,000	233,000
	702,798	702,798	702,798	702,798
Diluted EPS (Sen)	0.35	(1.73)	0.60	(1.68)



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**B15. Notes to the Statement of Comprehensive Income**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Profit/(Loss) before tax is arrived at after crediting:</b>				
Gain on disposal of property, plant and equipment	379	-	556	-
Government wage subsidy	-	1,174	-	2,427
Interest income	76	65	147	92
Reversal of impairment loss on receivables	-	107	-	107
<b>and after charging:</b>				
Finance cost	(104)	(73)	(205)	(143)
Depreciation of property plant and equipment	(1,772)	(2,416)	(3,504)	(5,378)
Depreciation of right-of-use asset	(13)	-	(26)	-
Loss on disposal of property, plant and equipment	-	(11,519)	-	(11,436)
Property, plant and equipment written off	(93)	-	(93)	-
	=====	=====	=====	=====

**B16. Authorised for Issue**

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Directors on 24 August 2023.